

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6008

BILL NUMBER: SB 5

NOTE PREPARED: May 6, 2013

BILL AMENDED: Apr 9, 2013

SUBJECT: Hospital Liens and Ambulance Liens.

FIRST AUTHOR: Sen. Steele

FIRST SPONSOR: Rep. McMillin

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill amends the law concerning hospital liens related to certain personal injury claims, including balance billing, time frame for perfecting a lien, and release of a lien.

The bill repeals the law concerning ambulance liens as of July 1, 2013. It provides that ambulance liens perfected under the law and not released before July 1, 2013, remain valid until the liens are released. The bill specifies that the repeal of the law does not affect a patient's financial obligation to pay the provider under any other law or contractual provision.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Medicaid:* The Family and Social Services Administration (FSSA) has reported that the current hospital lien law may result in fewer Medicaid claims for hospital expenses of Medicaid-eligible persons who may have been injured or become ill as a result of negligence of a person or a corporation. Consequently, FSSA has reported that the bill could result in additional Medicaid expense since the provisions would eliminate the incentive for hospitals to file liens for claims involving Medicaid eligibles. The Office of Medicaid Policy and Planning has no data to indicate the number or dollar amount of claims that may be affected by the provisions of the bill. The bill does not affect the Medicaid program's ability to file a lien against a recovery; the fiscal impact should be associated with some level of additional administrative expense necessary to file Medicaid liens against a personal injury recovery.

There are no Medicaid or Department of Insurance (DOI) data indicating the number of claims that may be impacted by the provisions of the bill, although the Controller of DOI has indicated that the average amount

per lien is between \$1,500 and \$4,500. DOI did not indicate if the reported average was the value of the initial amount filed for the lien or the average value of all liens on file including those that have been adjusted for payments and recoveries. The DOI estimates that approximately 8,000 liens are filed each year.

Medicaid is jointly funded by the state and federal governments. The effective state share of program expenditures is approximately 33% for most current services. Current Medicaid medical services are matched by the effective federal match rate (FMAP) in Indiana at approximately 67%. Administrative expenditures with certain exceptions are matched at the federal rate of 50%.

The provisions of the bill would have no fiscal impact on the DOI.

Background Information: Hospitals are required to provide notice of a lien with the DOI in order to provide notice to insurers. (Ambulance services are not required to provide notice of a lien to DOI.) The DOI reports that 15,000 to 17,500 notices of liens, adjustments to lien balances, and releases of liens are annually filed with the agency. Fewer than half of the notices are actual new liens. There are no data available indicating the dollar amount of filed liens at this time. DOI reports that they are currently developing a process to allow for hospitals to file the required notices of liens on-line.

Explanation of State Revenues: [See *Explanation of State Expenditures* for the discussion of federal Medicaid matching funds.]

Explanation of Local Expenditures: The bill would eliminate the ability of local government-owned emergency ambulance services to recover the charges associated with a patient's care by means of placing a lien on a cause of action, suit, or claim accruing to the patient. Hospitals are required to provide notice of a lien with the Department of Insurance in order to provide notice to insurers; ambulance services are not required to do so. There are no data available to indicate the total number of liens that are filed or the number of liens filed by ambulance services. The extent to which ambulance services recover charges as a result of a lien filed against a recovery is unknown. (The elimination of the lien process does not affect a patient's financial obligation to pay the provider under any other law or contractual provision.) The fiscal impact of the bill is indeterminate.

Explanation of Local Revenues: Local fee revenues would be decreased to the extent that local government-owned emergency ambulance services file liens with a recorder's office and pay the associated fees. The impact on local revenue is indeterminate.

State Agencies Affected: Indiana Department of Insurance.

Local Agencies Affected: Emergency ambulance services and local government-owned hospitals.

Information Sources:

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